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Fish and Seafood Production and Trade Update

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Fishery Products

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Report Highlights:

From January -April 2010 total imports of fish and seafood products increased by 37.2 percent in value and 9 percent in volume compared to the same period of 2009. The share of value added fish and seafood in total imports is expanding. In the first half of 2010, Russian fishermen harvested 1,798 million MT, which is an 18.2 percent increase over the same period in 2009. Per capita consumption has also risen by 30 percent; largely due to an increase in the amount of wild fish caught and improved infrastructure and distribution channels. These statistics would suggest that the Russian fishery sector has started to recover from the economic downturn.

General Information:

Wild Catch

In the first half of 2010 Russian fishermen harvested 1,798 million MT, which is an 18.2 percent increase over the same period last year. This increase represents 44.6 percent of the Total Allowable Catch in 2010. Andrey Krayniy, Head of the Federal Fishery Agency (Rosrybolovstvo), is urging Russian fishermen to move towards the ambitious objective of harvesting 4 million MT by the end of CY 2010.

Interfax reports that in the Far Eastern seas and the Bering Sea, fishermen harvested 1.202 million MT of fish from January – June 2010. Compared with the same period in 2009 the current value is 229,200 MT higher. The Russian fishermen harvested 110,200 MT in the Bering Sea, a decrease of 3,200 MT and 981,800 MT in the Sea of Okhotsk, an increase of 200,100 MT. In the northern area, the catch rose to 275,200 MT, an increase of 41,700 MT or 54 percent of the annual quota. Interfax also reports that the cod harvest has increased 15,500 MT and is estimated at 132,900 MT.

The catch in the Baltic Sea declined to 21,200 MT or 34 percent of the annual quota. The sprat catch also declined 1,500 MT to 11,700 MT.

In the Azov and Black seas, the catch was 1,700 MT, down from 15,500 MT in the same period last year. In the Caspian Sea, the catch was down 5,100 MT to 17,800 MT.

Russian fishermen have caught 206,800 MT of fish in other countries' zones this year, or 14,100 MT more than in 2009. A total of 59,600 MT of fish have been caught in regions in the high seas governed by international agreements, 2,800 MT more than a year earlier.
According to “Fishery Monitoring Center and Communications” the fishermen have boosted Pollock catch by 236.5 MT and to date its 2010 harvest is estimated at 1,006.4 MT. According to the same source in the Far Eastern Basin, in Okhotsk Sea, the fishermen have caught 892,000 MT, in Bering Sea – 62.6 MT, and in the northern and southern Kurill – 48.8 MT. During the same time, the 2010 forecast for salmon harvest is not as high as in 2009, with experts forecasting salmon levels to be 340,000 MT this year. The 2010 fist half increase of wild catch is primarily attributed to higher amounts of Pollock caught and better harvest in international waters and other countries zones.

Trade

After a year and a half of economic challenges the Russian fishery has started to recover. In January-April, 2010 total imports of fish and seafood increased by 37.2 percent in value and 9 percent in volume compared to the same period of 2009. The increase during this period occurred in HTS 0303 frozen fish - by 24.4 percent; HTS 0306 Crustaceans - by 101.4 percent and HTS 0307 Other Seafood category - by 75 percent. The U.S. share in total fish and seafood imports increased 48 percent during this period (compared to the same time last year) totaling $8.104 million. During January-April 2010, the U.S. was a major supplier of scallops ($210,000) to Russia. Since the beginning of 2010 imports of fish livers and roes (HTS 030380) has increased by nearly 135 percent, up from $808,000 in 2009 to almost 2 million in 2010.

According to the investment and analytical group "Khaldoproduct" the price for 1 kilo of imported fish has increased 27 percent over 2009 prices. The increase is attributed to a higher import share of value added fish contributing including chilled fish, fish fillet, ready to eat fish and seafood. For example, the import value for chilled fish went up by 64 percent, but only 8 percent in volume.

Since Jan. 2010, chilled salmon has demonstrated major growth.

According to Rosrybolovstvo Russia boosted exports of fish and seafood by 59.6 percent in volume for the first quarter of 2010 year-on-year to 474,800 MT; fish, crab and mollusks made up 468,100 MT of the total.

Table 1: Russia: Import of Fish and Seafood, Jan. – Apr. 2008-2010, million dollars

					% Change
HS	Description	2008	2009	2010	- 10/09 -
	World	74699.5	44686.22	53684.2	20.14
	03 Fish And Seafood	605.3	465.17	638.2	37.19
0303	Frzn Fish,Not Fillets	253.3	230.70	287.0	24.42
0302	Fresh Fish,Not Fillet	113.8	100.58	170.7	69.76
0306	Crustaceans	68.1	39.49	79.5	101.41
0304	Fillet,Othr Fish Meat	126.0	77.15	75.1	-2.7
0307	Other Seafood	28.9	9.34	16.4	75.21
0305	Fish,Dried,Salted Etc	14.3	7.17	8.4	16.7
0301	Live Fish	0.9	0.74	1.0	41.6

Source: Russian Federal Customs Service

Policy

During the meeting regarding agricultural expenditures for 2011-2013, held in June, Prime Minister Vladimir Putin called for further development of Russia's domestic fish and seafood sales market. He encouraged Rosrybolovstvo to continue to work on forming “an effective domestic market and export infrastructure”.

Starting July 1, 2010, as a result of Customs Union, Russian fishery producers are obliged to comply with Kazakhstan’s technical regulation - requirements for safety of fish and fish products. Russian fishery producers believe that stricter requirements to processing facilities and vessels, stipulated in the document, will require additional inputs. As a result the retail prices for fish and seafood will increase and as a result will not be competitively priced in the market.

Since 2009 Russia has been working towards adopting its national technical regulation for fish and seafood. There are high expectations that the document will pass the 2nd reading in the State Duma in July 2010. Rosrybolovstvo believes that Kazakh requirements to fish quality are not as strong as those stipulated in the Russian draft of the technical regulation. For example, the Kazakh standard for water and ice content in fish fillet is 10 percent while the Russian standard is only 4 percent. Rosrybolovstvo expects that if the Russian parliament approves technical regulation in the near future then it will be enacted starting in January 2011. However, in this case Russia still will have to gain support from other Custom Union members, Belarus and Kazakhstan.

Consumption

Trade sources estimate that consumption of fish and seafood increased by 30 percent and is estimated at almost 20 kg per capita. The increase is attributed to stabilizing income of the middle class, greater choices for staple fish species and improved distribution channels. The outlook for 2011 suggests higher demand for fish and increasing per capita consumption not only in lower-priced segments such as herring, hake and perch, but also in more expensive fish and processed products, including fillet and chilled fish. The upward trend in consumption is also attributed to the 18 percent increase of fish harvest and seafood since the beginning 2010 in addition to government initiatives aimed at improving efficiency by stimulating domestic value-added processing. Experts believe that higher imports of chilled fish and ready to eat products are due to increased consumer demand, signaling a strengthening national currency and economic recovery.

Fish consumption patterns depend heavily on household income and preferences within the population. Consumption preferences for the Russian population are: herring, Pollock; mackerel, salmon and trout. Frozen fish is also traditionally popular.

Fish consumption is gradually expanding, and market analysts attribute this growth to four factors:

- Stabilizing consumer disposable income after economic downturn - particularly in Moscow, St. Petersburg, and other metropolitan areas;
- New consumer preferences based on health, nutrition, and low-fat foods;
- Higher prices of other animal products;
- Greater availability of products, caused by higher investment in processing facilities; and improved distribution channels.